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Netherlands

Tobacco and Products

Annual

2004

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Report Highlights: Since 2002, Brazil replaced the United States as the main tobacco supplier to the Dutch market. Due to the increasing Brazilian production of Virginia tobacco varieties this trend is expected to continue.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
The Hague [NL1]
[NL]

Executive Summary

The Netherlands is one of the main tobacco importing and processing countries in the world. In general, annual imports of tobacco fluctuate between 100,000 MT and 110,000 MT. Since 2002, Brazil replaced the US as the main tobacco supplier to the Dutch market. Due to the increasing Brazilian production of Virginia tobacco varieties this trend is expected to continue. In 2004, the import and consumption of flue-cured tobacco is expected decline in response to a lower cigarette production in The Netherlands. Dutch imports of burley and dark air and sun cured tobacco is expected to stabilize or increase slightly as a consequence of increased production of roll-your-own tobacco and cigars.

Conversion rates:

1997 Euro 1.00 = US\$ 1.16, 1998 Euro 1.00 = US\$ 1.08, 1999 Euro 1.00 = US\$ 1.06, 2000 Euro 1.00 = US\$ 0.92, 2001 Euro 1.00 = US\$ 0.90, 2002 Euro 1.00 = US\$ 0.95, 2003 Euro 1.00 = US\$ 1.12

Production

In The Netherlands, tobacco production is negligible. The Netherlands is one of the main tobacco importing and processing countries in the world. Currently, there are 20 tobacco processing companies with annual sales of about Euro 4.8 billion. About 5,700 people are employed in the Dutch tobacco industry. Indirectly, about 25,000 work in distribution, wholesale, retail and advertising.

Cigarettes

The Netherlands is reportedly the second largest cigarette producer in the world. During 2003, Dutch cigarette production declined by nine percent to 115 billion, mainly due to lower exports to Italy and France. The two largest cigarette manufacturers in the Netherlands are BAT Manufacturing B.V. and Philip Morris Holland B.V. Currently, Phillip Morris is responsible for about 40 percent of cigarette production in The Netherlands, of which about 95 percent is exported.

The two major Dutch cigarette manufacturers are:

B.A.T. Manufacturing Nederland b.v.

Kerkstraat 27
6901 AA Zevenaar
Tel. 31-316-590911

Philip Morris

Groenelaan 5
1186 AA Amstelveen
Tel. 31-20-6564100

Since the Dutch tobacco industry has extensive production of cigar and cut tobacco (roll-your-own, pipe- and chewing tobacco) production, a brief overview of these products follows.

Cigars

Dutch cigar production increased steadily from 1.8 billion cigars in 1996 to 2.4 billion in 2002. The Netherlands is the second largest cigar manufacturer in the world after the United States. A substantial part of Dutch cigars are partially processed by affiliates located just across the Belgian border, in Ireland and even Sri Lanka.

Smoking and Cut Tobacco

The Netherlands is by far the largest producer of roll-your-own tobacco in Europe although it is also produced in the U.K., Germany, Norway, Denmark and France. Production of roll-your-own, pipe and chewing tobacco had been stable at about 30,000 MT between 1997 and 2001, but increased during the last two years to 32,400 MT in 2003.

Trade

The Netherlands is one of the main tobacco importers in the world. In general, Dutch imports of tobacco fluctuate between 100,000 MT and 110,000 MT. During 2001, 2002 and 2003, imports of unstemmed and unstripped tobacco increased by about 5,000 MT to 34,500 MT. During the past two years, imports of stemmed and stripped tobacco have been stable at about 67,000 MT. The remaining import volume of about 8,000 MT consists of tobacco waste.

Since 2000, Dutch imports of US tobacco declined from 35,000 MT to 16,500 MT in 2003. During 2002 and 2003, Brazil replaced the US as the main tobacco supplier to the Dutch market with a volume of 27,000 MT. The U.S. lost market share for stemmed and stripped tobacco, in particular the varieties Flue Cured Virginia and Light Air Cured Burley. Trade sources informed FAS/The Hague that, due to the lower price, Brazilian tobacco was preferred over tobacco produced in the U.S. This trend is expected to continue because Brazil increased the acreage for Virginia production in 2004. Despite declining sales, U.S. tobacco remains the preferred tobacco for Dutch tobacco product manufacturers, especially if the prices for U.S. tobacco are competitive with prices for tobacco from Brazil and other low cost producers. Other important exporters to The Netherlands are: other EU member states, 25 percent of the market, and Malawi, India, Mozambique and Argentina with each about 5 percent of the Dutch market. Indonesia is, with the U.S., one of the high value tobacco suppliers to the Dutch market. During the past four years, Dutch tobacco imports from Zimbabwe declined from twelve percent to three percent of the market.

Flue Cured

For the production of cigarettes, mainly flue-cured tobacco is used. During the past three years, Dutch imports of flue-cured tobacco averaged around 48,000 MT per year. In general, about 2,000 MT of flue-cured tobacco is re-exported by The Netherlands. In 2003, domestic consumption of flue-cured tobacco declined possibly due to shrinking cigarette production in The Netherlands. In response to surging illegal imports of tobacco and tobacco products, it is likely that Dutch cigarette production and consumption of flue-cured tobacco will decline further in 2004. On May 1, 2004, the European Union (EU-15) was enlarged with ten new member states to the EU-25. Since that date western European countries have reportedly been flooded with illegal tobacco imports from the new member states and Belarus.

Burley

Burley tobacco is considered almost indispensable for making the roll-your-own or "shag" tobacco, which is very popular in the Netherlands. Burley tobacco is also used in cigarette blends. In general, Dutch imports of burley tobacco fluctuate between 15,000 and 20,000 MT. In general, less than 1,000 MT of burley tobacco is re-exported by The Netherlands. Considering the expanding production of cut tobacco, it is anticipated that burley tobacco imports will at least remain about 15,000 MT.

Dark Air and Sun Cured

Dark air and sun-cured tobacco are used for the production of cigars. In general, Dutch imports of dark air and sun-cured tobacco fluctuate between 3,000 MT and 4,000 MT. Taking into account the growing cigar production in The Netherlands, it is not expected that Dutch imports of these tobacco type will decline below 3,000 MT.

Oriental

Oriental tobacco is mainly used for adding a strong flavor to cigarette blends. In general, Dutch imports of oriental tobacco fluctuate around 12,000 MT. Greece and Turkey are the main suppliers of Oriental tobacco to the Dutch market.

Statistical Tables

Trade figures: World Trade Atlas (based on CBS and EUROSTAT figures)

Production and consumption figures: Central Bureau for Statistics and Association of the Cigarette Industry and Dutch Cigar Manufacturers Association

Country Netherlands						
Commodity Tobacco, Unmfg., Total (HA)(MT)						
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	0	0	0	0	0	0
Beginning Stocks	12,000	12,000	9,000	9,964	8,929	10,970
Farm Sales Weight Prod	0	0	0	0	0	0
Dry Weight Production	0	0	0	0	0	0
U.S. Leaf Imports	0	17,747	0	16,527	0	15,700
Other Foreign Imports	101,929	87,765	101,929	93,212	101,929	82,300
TOTAL Imports	101,929	105,512	101,929	109,739	101,929	98,000
TOTAL SUPPLY	113,929	117,512	110,929	119,703	110,858	108,970
Exports	21,476	22,948	22,000	18,933	22,000	20,400
Dom. Leaf Consumption	0	0	0	0	0	0
U.S. Leaf Dom. Consum.	39,453	16,300	40,000	14,600	40,000	13,800
Other Foreign Consump.	44,000	68,300	40,000	75,200	40,000	70,300
TOTAL Dom. Consumption	83,453	84,600	80,000	89,800	80,000	84,100
TOTAL Disappearance	104,929	107,548	102,000	108,733	102,000	104,500
Ending Stocks	9,000	9,964	8,929	10,970	8,858	4,470
TOTAL DISTRIBUTION	113,929	117,512	110,929	119,703	110,858	108,970

Country Netherlands						
Commodity Tobacco,Unmfg.,Flue Cured (HA)(MT)						
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	0	0	0	0	0	0
Beginning Stocks	0	3,000	0	507	0	1,995
Farm Sales Weight Prod	0	0	0	0	0	0
Dry Weight Production	0	0	0	0	0	0
U.S. Leaf Imports	0	8,258	0	7,736	0	7,500
Other Foreign Imports	0	39,233	0	40,762	0	36,000
TOTAL Imports	0	47,491	0	48,498	0	43,500
TOTAL SUPPLY	0	50,491	0	49,005	0	45,495
Exports	0	2,984	0	1,910	0	1,800
Dom. Leaf Consumption	0	0	0	0	0	0
U.S. Leaf Dom. Consum.	0	7,800	0	7,300	0	7,000
Other Foreign Consump.	0	39,200	0	37,800	0	36,200
TOTAL Dom. Consumption	0	47,000	0	45,100	0	43,200
TOTAL Disappearance	0	49,984	0	47,010	0	45,000
Ending Stocks	0	507	0	1,995	0	495
TOTAL DISTRIBUTION	0	50,491	0	49,005	0	45,495

Country Netherlands						
Commodity Tobacco, Unmfg., Burley (HA)(MT)						
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	0	0	0	0	0	0
Beginning Stocks	0	4,142	0	3,975	0	2,498
Farm Sales Weight Prod	0	0	0	0	0	0
Dry Weight Production	0	0	0	0	0	0
U.S. Leaf Imports	0	6,344	0	5,437	0	5,000
Other Foreign Imports	0	11,351	0	10,063	0	10,000
TOTAL Imports	0	17,695	0	15,500	0	15,000
TOTAL SUPPLY	0	21,837	0	19,475	0	17,498
Exports	0	1,662	0	777	0	750
Dom. Leaf Consumption	0	0	0	0	0	0
U.S. Leaf Dom. Consum.	0	6,000	0	5,100	0	4,700
Other Foreign Consump.	0	10,200	0	11,100	0	11,600
TOTAL Dom. Consumption	0	16,200	0	16,200	0	16,300
TOTAL Disappearance	0	17,862	0	16,977	0	17,050
Ending Stocks	0	3,975	0	2,498	0	448
TOTAL DISTRIBUTION	0	21,837	0	19,475	0	17,498

Country Netherlands						
Commodity Unmfg.,Dark Air & Sun Cured (HA)(MT)						
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	0	0	0	0	0	0
Beginning Stocks	0	4,600	0	4,304	0	3,696
Farm Sales Weight Prod	0	0	0	0	0	0
Dry Weight Production	0	0	0	0	0	0
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	3,903	0	3,122	0	3,000
TOTAL Imports	0	3,903	0	3,122	0	3,000
TOTAL SUPPLY	0	8,503	0	7,426	0	6,696
Exports	0	1,699	0	1,130	0	1,200
Dom. Leaf Consumption	0	0	0	0	0	0
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	2,500	0	2,600	0	2,650
TOTAL Dom. Consumption	0	2,500	0	2,600	0	2,650
TOTAL Disappearance	0	4,199	0	3,730	0	3,850
Ending Stocks	0	4,304	0	3,696	0	2,846
TOTAL DISTRIBUTION	0	8,503	0	7,426	0	6,696

Country Netherlands						
Commodity Tobacco, Unmfg., Oriental (HA)(MT)						
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	0	0	0	0	0	0
Beginning Stocks	0	2,287	0	206	0	1,436
Farm Sales Weight Prod	0	0	0	0	0	0
Dry Weight Production	0	0	0	0	0	0
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	10,844	0	12,864	0	10,000
TOTAL Imports	0	10,844	0	12,864	0	10,000
TOTAL SUPPLY	0	13,131	0	13,070	0	11,436
Exports	0	2,625	0	1,434	0	1,900
Dom. Leaf Consumption	0	0	0	0	0	0
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	10,300	0	10,200	0	9,500
TOTAL Dom. Consumption	0	10,300	0	10,200	0	9,500
TOTAL Disappearance	0	12,925	0	11,634	0	11,400
Ending Stocks	0	206	0	1,436	0	36
TOTAL DISTRIBUTION	0	13,131	0	13,070	0	11,436

Country Netherlands						
Commodity Tobacco, Mfg., Cigarettes (MIL PCS)						
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Filter Production	112,292	112,292	113,000	102,061	0	100,000
Non-Filter Production	14,000	14,000	13,500	13,500	0	10,000
TOTAL Production	126,292	126,292	126,500	115,561	0	110,000
Imports	34,031	34,586	35,000	14,765	0	15,000
TOTAL SUPPLY	160,323	160,878	161,500	130,326	0	125,000
Exports	134,458	135,013	135,500	104,826	0	100,000
Domestic Consumption	25,865	25,865	26,000	25,500	0	25,000
TOTAL DISTRIBUTION	160,323	160,878	161,500	130,326	0	125,000